

FISCAL NOTE

SB 695 - HB 1533

February 21, 2005

SUMMARY OF BILL: Requires a minimum level of contribution, as determined in the General Appropriations Act, by local education agencies on behalf of non-professional education employees participating in health insurance coverage authorized by the Local Education Insurance Committee.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures – Up to \$19,500,000*

Assumptions:

- Currently, the Basic Education Program contributes 30% (state portion) of the total average premium for each funded support position.
- Currently, the General Appropriations Act requires local education agencies to pay at least 45% of the premium on behalf of teachers.
- The Division of Insurance Administration has estimated that about 36% of all local education agencies pay at least 50% of single coverage premiums for support personnel while approximately 65% pay at least 50% of family coverage for support personnel.
- All enrollees are currently paying 30% of premium.
- Minimum contribution by local education agencies on the behalf of all education employees is 45%. This would result in an increase of local government expenditures up to \$19.5 million.
- This bill does not necessarily require an increase in the state or local contribution, but rather depends on the portion set in the General Appropriations Act. As a result, an increase could occur in one or both.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director